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Research Department
International Ladies' Garment Workers' Union

CONDITIONS IN THE WOMEN'S GARMENT INDUSTRY

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Economic Background

Economic activity has been slowing down throughout 1979 even though at times signals were mixed and conflicting developments ensued. In the first quarter of the year, real gross national product -- the nations's total output of goods and services after the effect of higher prices is eliminated -- rose only 0.3 percent. This sluggish performance was caused primarily by the unduly severe winter weather and the Washington efforts to check inflationary pressures. Real personal consumption expenditures moved ahead by a marginal 0.2 percent. Investment in residential housing and fixed equipment declined 3.8 percent in the wake of increasing prices of new and existing homes and higher mortgage costs which held home purchasing down throughout 1979. However, investment in non-residential facilities moved up 1.2 percent in real terms. Improvements were also registered in net real exports of goods and services. No support to the economy originated, however, in the goverment sector.

In the second quarter, real gross national product actually declined 0.6 percent. Temporary gasoline shortages coupled with OPEC price increases discouraged car sales and contributed to an 0.7 percent cutback in real outlays for personal consumption. With a lag in sales, inventories accumulated at a faster tempo than at other periods in the preceding four years. Investment in fixed residential properties continued to do poorly, with a 1.7 percent drop in real terms. Non-residential investment also faltered, declining 0.2 percent in this period. Real federal, state and local government outlays declined further by 0.8 percent. In the meantime, the lower value of the dollar abroad helped to spur on a net increase in exports of goods and services.

Sales of cars perked up, somewhat unexpectedly, in the third quarter of 1979 and helped to bolster personal consumption expenditures 1.2 percent (after the impact of higher prices is eliminated). These higher outlays were made possible by an increase in installment purchases and by significant reductions in the amount saved out of current incomes -- consumers were clearly trying to stretch their resources to the utmost in an effort to beat future price advances. Investment in residential properties, however, continued to decline by a further 0.4 percent. On the other hand, real investment in non-residential fixed assets regained momentum and advanced 2.6 percent. In the meantime, business inventory stockpiling in the wake of some liquidations became more moderate. Federal authorities continued to reduce their real

outlays; however, state and local governments spent 0.2 percent more in real terms. Real net exports of goods and services advanced again as the dollar declined in relation to foreign currencies. On an overall basis, real gross national product in the third quarter moved up 0.8 percent, though only 0.2 percent above the level attained in the first three months of 1979.

Statistics on the overall performance of the U.S. economy in the last quarter of 1979 are not currently available. A picture of a continued economic slowdown emerges, however, from the available data. Credit-tightening measures adopted on October 6 by the Federal Reserve forced interest rates to climb rapidly, though somewhat erratically, to record heights at a time when many businesses were already feeling the pinch for ready cash. The cost of financing existing stockpiles of inventories rose sharply, requiring their speedy liquidation and production cutbacks -- most notably in autos and steel -- leading in the process to an increase in idle manufacturing capacity.

Uncertainty regarding the future course of the economy, amplified by developments in Iran and further escalation of petroleum prices, affected plans for capital investment and caused a sharp dip in business anticipation of future sales and profits. The demand for credit did soften somewhat in December, bringing in its wake some cuts in the prime interest rate charged by banks to their preferred customers; it is not certain, however, that the climb in interest rates is over. In the meantime, higher mortgage rates and prices made it more difficult for many households to acquire homes or to qualify for mortgages. Usury ceilings in a number of states induced many lenders to virtually withdraw from the market. Construction projects were strung out or cancelled in a number of instances as existing homes no longer sold as quickly as in the past. Investment in residential construction continued therefore to decline in real terms.

Although total personal income grew in dollar amount, its purchasing power, after the bite taken out by taxes and higher prices, continued to shrink. Real spendable earnings of production workers in private nonagricultural industry were also down throughout 1979. In November they were 5 percent lower than a year earlier and 11 percent below November 1972 (the prior peak). Consumer indebtedness was also significantly higher than in 1978 with nearly one-fourth of personal income after taxes devoted to repayment of installment and mortgage credit. Overextended personal indebtedness, insufficiency of purchasing power and growing uncertainty regarding future employment prospects induced a shrinkage in installment purchases. After taking account of seasonality and higher prices, it appears that retail sales in this period did not measure up to their September level, or that of the first quarter of 1979.

Little support to the economy in the fourth quarter of 1979 originated in the government sector. On the other hand, business activity was sustained somewhat by the continued decline in the value of the dollar which made U.S. goods cheaper abroad and stimulated a continued rise in exports.

Taking the various factors into account, it appears that the nation's real gross national product in the last three months of 1979 is likely to be 0.2 percent lower than in the third quarter. Under these circumstances, the output of goods and services in the fourth quarter of 1979 is prone to be only 0.3 percent higher than in the last quarter of 1978. This is a meager showing (between the fourth quarter of 1970 and the corresponding quarter in 1978, the annual rate of advance in real gross national product averaged 3.6 percent). These figures suggest that the United States may already be in the throes of a recession.

One of the paradoxes of the past year was in the field of employment. The number of persons on nonagricultural payrolls advanced throughout the year though at a slower pace after March. In November 1979 (the latest month for which data are available), the number of people on nonagricultural payrolls topped November 1978 by 2,345,000 or 2.7 percent. Advances, however, were far from uniform in the different sectors of the economy. Total employment in manufacturing increased 115,000 or 0.6 percent, even though 0.4 percent fewer production workers were employed. The number of jobs in construction and mining rose 369,000 or 6.9 percent, and in service trades, finance, insurance and real estate by 1,009,000 or 4.7 percent. Employment in wholesale and retail trade, transportation and public utilities advanced by 651,000 or 2.6 percent. While state and local governments employed 187,000 or 1.5 percent more people, the number working for the federal government was only up 14,000 or 0.5 percent.

While employment increased, so did the number of persons officially counted as unemployed -- between November 1978 and November 1979 their number rose by 162,000 or 2.8 percent (on a seasonally adjusted basis); however the percentage of the civilian labor force recorded as unemployed was 5.8 percent on both dates (throughout the year, the unemployment rate fluctuated within a narrow range of 5.7 to 6.0 percent). Significantly, 227,000 or 7.3 percent more people worked part-time in November 1979 because fuller employment was not available. Employment appears to have softened and unemployment increased in December 1979 in the wake of the stringent measures pursued by the Federal Reserve since October -- this is suggested by the layoffs in autos and steel and an increase in the number of initial claims for unemployment insurance. Unquestionably, credit-tightening tipped the U.S. economy further towards a recession.

Significantly, the various measures to check inflationary pressures either through the adoption of federal wage and price restraints or the actions of the Federal Reserve failed to check continued price escalation. Many elements responsible for price increases remain outside the purview of the federal actions. Prices of petroleum are governed primarily by decisions of the Organization of Petroleum Exporting Countries. Higher interest costs affect the price of homes and mortgages, as well as the cost of doing business and maintaining inventory stockpiles. The sustained foreign demand for U.S. agricultural products due to poor harvests abroad helps to sustain their prices. As a result, crude raw material prices at wholesale were 17.1 percent higher in November 1979 than a year earlier, while intermediate goods were up 15.4 percent and finished products cost 12.8 percent more.

As prices at wholesale increased, so did the prices paid by consumers for goods and services. The major upward pull was exerted by prices of fuel oil, coal and bottled gas which escalated 56.0 percent in the year ended in November 1979, the price of gasoline which was up 50.8 percent, prices charged for homes which advanced 15.9 percent and the cost of home financing, taxes and insurance which rose 23.8 percent. On an overall basis, prices for goods and services that had to be met by urban consumers in November 1979 topped November a year back by 12.6 percent.

RETAIL TRADE

Retail volume was affected throughout 1979 by the changes in consumers' purchasing power. From February on, real personal income, i.e. after factoring out the effect of higher prices, topped the same months in 1978 by steadily decreasing percentages. The level was about the same in August as a year earlier, but thereafter it lagged by progressively widening margins. With personal debt increasingly overextended

and the amount saved gradually reaching the lowest possible level, consumers found it more difficult as the time went on to finance their purchases. As a result, consumers became more choosy in what they bought. Some of their funds were diverted from the big ticket items, such as cars, furniture or major appliances. Energy-related products, such as blankets, comforters and some types of apparel designed to offset lower temperatures in the homes and places of business, benefited in the process. Significantly, the gains in the sales of higher-priced and luxury products outperformed the lower end merchandise -- consumers in the upper income brackets had funds to spend and were willing to spend them. Faced with the disparate character of retail performance, early promotions and price reductions began to take place long before Christmas though some stores resisted the urge to cut prices or hold sales. The best showing was actually made by merchants that engaged in aggressive promotion of what they had to sell, did so at more reasonable prices than their competitors, and offered wide choices to potential purchasers.

In the case of durable goods, retail sales in the first four months of 1979 topped the preceding year by 16.2 percent in dollar amount. Price escalation, however, had a decided impact on the quantity of durables sold for it only advanced 5.9 percent. Sales decelerated gradually thereafter. Their subsequent dollar volume was only 7.6 percent higher than in the same months a year earlier while the quantity of durable goods sold declined 2.0 percent.

RETAIL SALES OF WOMEN'S AND CHILDREN'S CLOTHING AND ACCESSORIES* BY TYPE OF OUTLET
(in millions of dollars)

Period	Total Sales	Department Stores	Women's Ready-to-wear Stores	Family Clothing Stores	Other Retail Outlets
1966	$18,112	$ 7,763	$ 5,831	$ 1,308	$ 3,210
1972	25,021	11,112	8,082	2,064	3,763
1973	27,831	12,458	8,945	2,226	4,202
1974	29,716	13,096	9,509	2,404	4,707
1975	32,047	13,995	10,504	2,549	4,999
1976	34,990	15,478	11,400	2,755	5,357
1977	37,697	17,360	11,547	3,007	5,783
1978	41,822	19,136	12,916	3,289	6,481
Jan-Apr'78	11,298	5,250	3,454	844	1,751
Jan-Apr'79	12,412	5,653	3,905	957	1,898
May-Oct'78	20,099	8,999	6,344	1,642	3,115
May-Oct'79	21,615	9,729	6,761	1,819	3,306
Jan-Oct'78	31,397	14,249	9,797	2,486	4,866
Jan-Oct'79	34,028	15,382	10,666	2,776	5,204

* Data include traditional products of the women's garment industry as well as millinery, furs, hosiery, gloves and other accessories

SOURCE: ILGWU Research Department (benchmarked to 1967 and 1972 Census of Business in line with November 1977 Census revisions of retail trade statistics)

A different pattern developed in the retail sales of nondurable products which encompass among others gasoline, oil, coal, foodstuffs and clothing. In the first third of 1979, their dollar volume was 10.8 percent higher than a year ago. The quantity of goods sold, however, was up only 0.4 percent. In the subsequent months, retail sales of nondurables topped the prior year 11.4 percent. However due to the intervening price advances, the quantity sold fell 1.4 percent.

As frequently in the past, women's and children's wear provided the ultimate consumers with better values than other goods. While retail prices of all goods were 10.0 percent higher in the first four months of 1979 than a year earlier, prices of women's and children's finery increased only 2.7 percent. In the subsequent months, while retail prices charged for all goods topped 1978 by 11.9 percent, women's and children's clothes cost the consumer only 1.3 percent more.

In dollar terms, retail sales of women's and children's clothing in the first four months of 1979 were 9.9 percent higher, and subsequently 7.5 percent higher than a year before. Because of relatively small price advances, the quantity of women's and children's garments bought by the American public was up 6.9 percent in the first four months of 1979 and 6.1 percent thereafter compared to 1978. This occurred despite the vagaries of the weather through much of the year which discouraged purchases of seasonal goods. In the early part of 1979, severe cold and snow kept shoppers from stores. A cool and rainy summer hurt sales while warm autumn months checked the purchases of coats and other seasonal clothes. The situation was not helped by the cautious and conservative policies pursued by retailers in their acquisition of merchandise. Fears of recessionary developments induced many of them to reduce their inventories in depth and concentrate their attention on clearing existing stockpiles rather than on stimulating consumer interest by offers of a wider range of goods.

In the ten-month 1979 period for which data on retail sales of women's and children's clothing and accessories are available, the largest gain in dollar volume over the preceding year was chalked up by family clothing stores. Women's ready-to-wear specialty stores were next in line followed by department stores. Other retail outlets (including mail order houses) ranked last.

Production of Women's and Children's Wear

The developing slowdown in the nation's economy exerted a negative impact on the production of women's and children's garments. The first signs made their appearance during the last four months of 1978, when the physical volume of our industry's output trailed 0.9 percent behind the same period in 1977. The decline continued thereafter. The output in the first four months of 1979 was 0.8 percent lower than a year earlier. In the May through October months it was down 4.5 percent. The growing uncertainty regarding the future generated additional problems to the industry. As interest rates advanced, retailers slowed down their payments to the manufacturers. While seeking to reduce inventories, stores cut down the size of their orders, bought on a hand-to-mouth basis, and tried to exact a variety of price and other concessions from their resources, including a guarantee of the specific dates on which ordered garments were to reach retail stores -- an untenable request since shipping instructions are typically spelled out by retailers.

Conditions differed, of course, in the various segments of our industry due to the changing consumer preferences for the different products and the shifts in economic

UNIT PRODUCTION OF SELECTED WOMEN'S AND MISSES' GARMENTS AND PHYSICAL VOLUME OF OUTPUT, WOMEN'S AND CHILDREN'S APPAREL INDUSTRY
(in millions)

Period	UNIT PRODUCTION						Physical Volume of Output#
	Coats	Suits@	Dresses	Blouses	Skirts	Sweaters*	
1966	27.7	11.6	321.3	223.2	131.1	147.0	$9,051
1972	25.2	24.6	289.4	215.3	66.2	130.8	$9,222
1973	24.6	25.0	275.5	236.5	64.7	151.3	$8,684
1974	22.4	28.1	236.9	245.2	57.9	148.3	$8,363
1975	23.2	32.5	222.7	277.8	63.7	134.8	$8,335
1976	22.2	32.5	213.5	296.2	64.9	127.2	$8,451
1977	19.2	32.5	218.1	318.7	66.6	133.6	$8,503
1978	20.0	24.5	209.7	379.1	81.2	125.9	$8,494
Jan-Apr'78	5.0	9.5	73.5	122.7	26.2	30.7	$2,728
Jan-Apr'79	5.8	8.6	58.0	147.8	34.0	24.4	$2,707
May-Oct'78	12.3	11.4	108.0	197.0	41.9	77.6	$4,426
May-Oct'79	12.8	11.3	75.1	201.5	55.9	67.1	$4,224
Jan-Oct'78	17.3	20.9	181.5	319.7	68.1	108.3	$7,154
Jan-Oct'79	18.7	19.9	133.1	349.3	89.9	91.4	$6,931

@ Suits including pant-suits
* Sweaters for women and men
# Physical volume of output of women's and children's apparel industry expressed in 1967 value
SOURCE: U.S. Bureau of the Census and ILGWU Research Department (benchmarked to 1963, 1967 and 1972 Census of Manufactures)

conditions. Dress production suffered most severely in 1979 -- it was 26.7 percent lower in the first ten months of 1979 than in the previous year. The slump affected virtually all segments of the dress business except possibly in the highest priced brackets and evening wear. Coats, on the other hand, benefited from the severe cold weather in the early months of 1979; the momentum was carried through the balance of the year even though the margins of advance narrowed down with the passage of time. In the months through October, coat production was 8.1 percent higher than a year back.

A different picture emerged in suits, including pant suits. Their output was down 4.8 percent below 1978; beginning in May, however, depending on the month, declines were either smaller than before or else production was higher, suggesting a possible upswing in the making. The call was for lighter-weight fabrics and less structured garments that could either be worn as suits or combined as separates with other garments (in some cases, retailers bought separates but combined them for sale as suits).

In the case of separates, the output of skirts forged ahead throughout 1979, topping the previous year by 32.0 percent. Blouses, however, after starting well, began to narrow their gains as the year progressed and beginning with August fell behind the preceding year. As a result, their production was ahead of 1978 in the first four months of 1979 by 20.5 percent, but only 12.8 percent in the three months ending July. In the August-October period their production fell and was 6.4 percent lower than a year ago. A different pattern emerged in women's sweaters -- their production during the first eight months of 1979 ran 15.8 percent behind 1978. Thereafter, their output perked up and in September and October exceeded the previous year by 4.9 percent and apparently by a higher margin thereafter. For the ten months in 1979, the output of women's sweaters was down 10.9 percent and that of men's sweaters 24.2 percent below the prior year; production of sweaters for both sexes was reduced by 15.6 percent.

Current statistics are not available for other women's and children's apparel. Their total output in 1979 appears to have declined even though patterns were diverse among the different types of attire. The output of women's pants and slacks drifted downwards despite the popularity of designer jeans manufactured in a wide variety of fabrics, colors and embellishments. Rainwear production was sustained in the earlier part of the year but then began to drop in the fall. On the other hand, jackets have done much better, particularly when suitable for wear with matching skirts. Production of garments for active sports improved somewhat, particularly when such clothes could be worn while participating in sports and elsewhere as well. Swimwear held its own. Production of robes slowed down somewhat but more recently was bolstered by efforts to save energy. Nightwear generally was down except for the styles that helped to keep the wearer warmer in the fall and winter months. Loungewear was buoyed by popularity of terry fabrics and its use as outerwear. In innerwear, production of slips was encouraged by the heightened demand for skirts and the variations in their lengths. Bodywear lost ground, but panty production was sustained. On the other hand, brassieres continued to be negatively affected by imports. Children's wear, molded in the main after adult wear, exhibited similar developments -- its production was down.

IMPORTS

The quantity of imported women's and children's apparel made from cotton, wool and man-made fibers (measured in square yards of material needed in their manufacture) was 12.9 percent lower in the first ten months of 1979 than a year earlier (these are the latest statistics now available). Many retailers and other importers curtailed their orders abroad in anticipation of an economic slowdown in this country. The decline in the value of the dollar made foreign-made garments more costly, but it failed to wipe out their price advantage and still enabled retailers to take higher markups on imported goods and magnify the profitability of their operations. Imports were also curbed by the policy adopted by the Administration to restrain imports in sensitive apparel and textile categories, which, in turn, led to the tightening amendment of existing agreements with Hong Kong, Korea and Taiwan for 1979.

Global figures conceal a diversity of movements. Imports of women's and children's wear made of wool declined 16.2 percent below their 1978 levels, with knitted garments dropping 22.6 percent and those made of woven fabrics 1.9 percent. Imports of garments produced from man-made fibers went down 15.7 percent, with knits dropping 18.9 percent and those made from woven materials declining 8.9 percent. Cotton

IMPORTS OF SELECTED WOMEN'S AND CHILDREN'S GARMENTS

(in thousands of units)

Product	Year 1973	Year 1974	Year 1975	Year 1976	Year 1977	Year 1978	Jan-Oct 1978	Jan-Oct 1979
Coats & jackets, cotton	5,592	4,532	3,990	6,676	7,536	9,015	7,791	6,759
" " " wool	1,315	763	609	817	1,335	2,294	2,084	1,786
" " " synthetic	16,285	12,432	13,567	19,534	23,760	25,746	22,241	18,448
TOTAL	23,192	17,732	18,166	27,027	32,681	37,055	32,116	26,993
Suits, wool	754	931	766	580	547	414	371	394
" synthetic	3,697	3,002	3,580	3,216	2,826	3,085	2,660	1,371
TOTAL	4,451	3,933	4,346	3,796	3,373	3,499	3,031	1,765
Dresses, cotton	4,966	5,219	4,927	6,412	5,854	6,537	6,096	3,849
" " wool	793	585	669	586	761	633	581	386
" synthetic	14,577	13,084	13,605	12,276	10,194	12,869	10,774	9,699
" silk (non-ornamented)	98	44	54	91	230	463	317	757
TOTAL	20,434	18,932	19,255	19,365	17,039	20,502	17,768	14,691
Blouses, cotton	29,909	31,009	43,186	59,602	64,750	107,158	92,398	110,799
" wool	849	344	523	1,987	7,712	7,631	7,391	5,642
" synthetic	73,394	71,028	73,246	80,774	75,395	90,246	75,277	74,516
" silk (non-ornamented)	182	125	240	624	1,732	3,543	2,649	2,980
TOTAL	104,334	102,506	117,195	142,987	147,589	208,578	177,716	193,937
Knit shirts (a), cotton	19,122	17,803	37,650	60,632	63,743	66,294	56,794	49,195
" " synthetic	90,726	122,532	156,761	159,342	157,434	156,507	137,594	105,489
TOTAL	109,848	140,335	194,411	219,974	221,177	222,801	194,389	154,685
Sweaters (b), cotton	3,276	3,992	5,453	5,025	2,905	4,079	3,071	3,576
" wool	15,448	11,960	11,814	21,826	30,133	22,825	20,582	16,322
" synthetic	103,755	107,687	110,695	114,946	109,461	113,583	107,163	83,945
TOTAL (c)	122,506	123,648	127,965	141,824	142,609	141,045	131,159	104,273
Skirts, cotton	996	1,148	3,052	6,065	5,109	7,294	6,713	7,211
" wool	491	344	543	613	902	1,488	1,386	1,487
" synthetic	2,236	1,520	2,503	2,678	1,840	3,633	2,893	3,323
TOTAL	3,723	3,012	6,098	9,356	7,851	12,415	10,982	12,021
Slacks & shorts, cotton	52,296	40,231	46,353	59,513	77,314	94,794	84,677	68,265
" " " wool	700	430	600	667	777	1,173	1,056	669
" " " synthetic	89,585	66,398	73,515	72,242	61,276	75,996	62,775	56,146
TOTAL (c)	142,587	107,078	120,474	132,481	139,505	172,325	148,728	123,306
Playsuits, cotton	8,359	5,630	6,719	9,755	11,981	11,659	10,224	9,615
" synthetic	12,838	8,142	7,705	8,403	8,554	9,206	7,344	6,354
TOTAL	21,197	13,772	14,424	18,158	20,535	20,865	17,568	15,969
Raincoats (b), cotton	2,239	1,713	1,738	2,387	2,465	3,895	3,224	3,329
" synthetic	7,735	5,567	3,623	6,130	4,764	6,044	4,995	4,411
TOTAL	9,974	7,280	5,361	8,517	7,229	9,939	8,219	7,739
Dressing gowns & robes, cotton	710	374	686	1,404	1,900	1,827	1,608	811
" " " " wool	2	10	3	2	10	18	14	4
" " " " synthetic	909	924	659	851	936	1,302	1,086	1,413
TOTAL (c)	1,623	1,010	1,352	2,265	2,856	3,161	2,718	2,233
Nightwear & pajamas, cotton	2,490	3,633	3,343	4,737	6,363	7,172	6,245	5,883
" " " synthetic	3,245	3,235	1,155	1,632	1,519	2,140	1,787	1,572
TOTAL (c)	5,736	6,883	4,498	6,472	7,889	9,313	8,033	7,459
Underwear, cotton	1,937	668	2,011	3,917	6,731	12,627	10,587	12,308
" wool	103	165	109	85	152	257	193	129
" synthetic	21,829	16,284	15,181	18,306	22,680	21,864	18,103	13,938
TOTAL (c)	24,003	17,137	17,400	22,330	29,642	35,000	28,996	31,443
Brassieres, cotton	10,014	5,666	5,737	7,840	4,407	2,278	1,994	1,882
" synthetic	63,396	68,580	77,310	97,175	109,678	126,091	103,750	108,324
TOTAL	73,410	74,246	83,047	105,015	114,085	128,369	105,743	110,207
Girdles & corsets, cotton	19	7	5	59	45	4	4	13
" " " synthetic	775	1,348	1,592	2,708	3,185	4,467	3,864	4,249
TOTAL	794	1,355	1,597	2,767	3,230	4,471	3,868	4,262
Infants' sets (d), cotton & synthetic	N.A.	N.A.	N.A.	N.A.	23,205	30,844	25,641	25,901
Swimwear, synthetic	N.A.	5,695	5,827	9,362	9,877	14,025	10,148	11,024
Tops & vests, cotton & synthetic	N.A.	20,006	20,107	22,000	10,441	11,730	10,193	10,844
Body suits & shirts, synthetic	N.A.	3,893	2,549	1,578	1,063	3,577	2,712	2,964
Coveralls (e), synthetic	N.A.	710	595	1,093	1,237	1,275	1,144	694
Culottes, synthetic	N.A.	94	103	129	49	30	29	8
Judo/karate suits, cotton & synthetic	N.A.	N.A.	N.A.	93	75	128	109	79

(a) Excludes knit tops
(b) Men's, women's and children's
(c) Includes garments of silk and other fibers not shown separately
(d) Up to and including 2 years of age
(e) Includes overalls and jumpsuits
(f) less than 500
N.A. -- Not available

SOURCE: U.S. Bureau of the Census (imports for consumption)

apparel imports were down 5.8 percent. However, as distinct from women's and children's wear produced from wool and man-made fibers, cotton garments made from woven fabrics declined by a greater percentage than knits -- 7.4 percent and 1.3 percent respectively.

A variety of patterns, as is usually the case, are exhibited by specific garments. In the predominant number of cases, imports in 1979 did not measure up to the quantities of women's and children's apparel imported in 1978. Declines of less than 10 percent occurred in imports of rainwear, nightwear, and playsuits, while decreases ranging from 10 to 20 percent took place in the women's and children's slacks and shorts, coats and jackets, dresses, and in dressing gowns and robes. Imports dropped by more than 20 percent in knit shirts, suits, sweaters for both sexes, and several minor items. On the other hand, imports rose by about 4 percent in brassieres and within a range of 8 to 11 percent in underwear, blouses, skirts and girdles, as well as in swimwear and bodywear made from man-made fibers. Imports of infants' sets manufactured from cotton and synthetics moved ahead 1 percent while tops and vests manufactured from cotton and synthetic materials advanced 6 percent.

As of this time, despite a serious effort made by the U.S. government to renegotiate existing agreements with Hong Kong, Taiwan and Korea and tighten their terms for 1980, the issue is still unresolved; however, further negotiations are scheduled for the immediate future. Hopefully, these discussions will help to check further disruptions of U.S. apparel and textile industry and a further erosion of employment of their workers.

The Multinational Textile Arrangement (which also applies to apparel) is due to expire on December 31, 1981. Under its terms, a review of its provisions and a decision as to whether this agreement is to be renewed, amended or abandoned must be made by the signatory nations in 1980. Hopefully, some of the loopholes in this document concluded under the auspices of the General Agreement on Tariffs and Trade, which permit unhealthy growth in the various product categories, will be checked in the course of the forthcoming negotiations between the signatory countries.

Employment, Manhours and Payrolls

The slowdown in the production of women's and children's wear affected job opportunities in the industry. In the first four months of 1979, there were 0.9 percent more production workers on the industry's payrolls than a year earlier, but the manhours spent at work were down 0.5 percent. The situation varied in the different branches of the industry. Employment in dress shops was 5.7 percent higher, in the blouse industry 5.6 percent, in coat, suit and skirt factories 3.6 percent, in "other outerwear" (shops making slacks, shorts, play garments, beach and ski wear, service apparel and similar garments) 0.5 percent, and in knitted underwear mills 0.3 percent. Manhours spent at work in these branches of the industry rose to a smaller degree than employment except in "other outerwear" where they increased to a somewhat greater extent while in knitted underwear they went down. Employment in the other branches of the industry lagged behind last year -- 8.9 percent in corsets and brassieres, 4.9 percent in knitted outerwear mills, 4.4 percent in underwear and nightwear shops, and 2.0 percent in children's wear. Here again the manhours spent at work declined by larger margins than employment except in underwear and nightwear where the drop was slightly smaller. Because of the intervening wage adjustments, the average worker in a shop earned 5.8 percent more per

EMPLOYMENT, MANHOURS AND PAYROLLS, WOMEN'S AND CHILDREN'S GARMENT INDUSTRY

AVERAGE EMPLOYMENT OF PRODUCTION WORKERS

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear, Nightwear	Knit Underwear*
1966	79,700	178,800	49,300	63,800	71,900	69,600	36,800	74,500	30,600
1972	63,800	177,200	41,300	66,700	64,900	91,600	26,400	75,400	30,600
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1974	61,300	166,300	45,500	67,100	63,200	103,500	22,700	67,000	29,400
1975	56,800	149,800	45,600	57,300	56,600	100,000	19,600	61,100	28,800
1976	61,000	151,100	48,400	60,500	60,200	112,600	19,300	64,900	31,400
1977	56,700	144,300	49,600	64,700	59,000	118,600	16,600	64,600	29,100
1978	55,700	147,700	52,800	67,800	59,400	122,600	16,200	63,200	29,300
Jan-Apr'78	53,400	143,100	51,800	65,400	59,000	122,700	16,800	63,700	29,300
Jan-Apr'79	55,300	151,300	54,700	62,200	57,800	123,300	15,300	60,900	29,400
May-Oct'78	57,700	149,600	52,900	70,100	60,100	121,900	15,900	63,200	29,400
May-Oct'79	58,600	147,900	52,500	64,900	57,200	115,800	15,000	61,100	28,500
Jan-Oct'78	55,700	147,100	52,400	68,200	59,700	122,200	16,300	63,400	29,400
Jan-Oct'79	57,300	149,300	53,400	63,900	57,400	118,800	15,100	61,000	28,900

MANHOURS OF PRODUCTION WORKERS (in millions)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear, Nightwear	Knit Underwear*
1966	136.0	302.3	85.3	121.3	131.4	129.6	68.0	139.6	60.4
1972	108.1	297.1	72.2	129.2	117.3	164.3	47.9	138.2	58.5
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1974	103.1	263.7	77.2	126.7	111.7	182.9	40.1	119.5	54.6
1975	95.4	242.8	79.3	106.3	101.3	178.7	34.9	107.6	54.4
1976	104.1	251.4	84.3	115.0	109.5	199.4	35.7	118.9	59.8
1977	94.4	237.6	84.7	122.6	105.4	207.9	30.1	117.5	55.1
1978	93.4	242.0	91.2	125.9	107.2	215.2	29.6	112.4	55.2
Jan-Apr'78	29.0	77.1	29.0	39.9	34.7	70.4	9.9	36.5	17.9
Jan-Apr'79	29.7	79.1	30.6	36.6	33.9	71.0	9.0	35.0	17.4
May-Oct'78	50.2	126.4	47.2	67.1	56.0	109.8	15.2	58.3	28.6
May-Oct'79	51.2	120.5	46.3	63.4	53.3	103.1	13.7	56.6	26.6
Jan-Oct'78	79.2	203.5	76.1	107.0	90.6	180.2	25.0	94.8	46.5
Jan-Oct'79	80.9	199.7	76.9	100.0	87.2	174.2	22.7	91.7	44.0

PAYROLLS OF PRODUCTION WORKERS (in millions of dollars)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear, Nightwear	Knit Underwear*
1966	$334.1	$644.6	$152.2	$240.8	$228.9	$225.4	$126.2	$229.0	$104.8
1972	325.2	830.7	178.1	352.0	283.9	402.9	120.6	312.9	143.0
1973	347.1	906.5	209.6	389.0	314.3	481.7	120.1	321.9	144.5
1974	349.5	843.9	220.7	397.1	305.8	526.5	116.8	314.7	155.3
1975	342.3	801.4	240.4	356.4	297.4	545.1	109.8	303.0	163.1
1976	390.3	887.8	272.9	408.4	317.8	657.6	120.6	359.4	193.5
1977	377.1	887.5	292.2	456.3	346.3	726.3	107.6	376.4	191.2
1978	393.9	971.2	334.7	496.7	379.9	816.3	112.9	394.3	206.5
Jan-Apr'78	118.4	302.4	105.3	154.0	121.3	264.9	36.7	126.8	66.4
Jan-Apr'79	130.2	336.0	119.3	151.8	128.6	285.7	36.7	131.1	69.8
May-Oct'78	214.6	509.6	173.0	266.1	193.4	415.9	58.4	204.6	106.7
May-Oct'79	234.2	517.0	183.7	272.2	204.2	419.4	56.5	215.2	108.6
Jan-Oct'78	333.5	812.0	278.3	420.2	319.7	680.8	95.1	331.3	173.2
Jan-Oct'79	364.4	852.9	302.9	424.0	332.8	705.1	93.3	346.3	178.4

* Men's and women's garments
SOURCE: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

week even though there was less work and the industry's payrolls were 7.2 percent higher than in 1978.

Economic conditions in the industry worsened subsequently. In the period May through October 1979, employment of production workers was 3.1 percent lower than in the previous year, while manhours spent at work were down 4.3 percent. Only in the coat, suit and skirt shops was employment higher than a year before -- the number of jobs was up 1.6 percent and manhours spent at work were 2.0 percent higher. Employment in all other trades was down. The largest decline in employment -- 7.4 percent -- occurred in knitted outerwear mills while their manhours dropped 5.5 percent; the work was concentrated in fewer shops and those that remained in business worked somewhat longer hours. The number of production workers was down 5.7 percent in corsets and brassieres, 5.0 percent in "other outerwear", 4.8 percent in children's outerwear shops, 3.3 percent in underwear and nightwear factories, 3.1 percent in knitted underwear mills, 1.1 percent in dress shops and 0.8 percent in blouse factories. Typically manhours spent at work dropped by larger margins than the number of jobs. However, manhours in underwear and nightwear declined by a somewhat smaller margin than employment while in children's outerwear the declines were identical. Even though there was less work, an average worker earned 5.4 percent more per week than in the corresponding months in 1978, while the industry's payroll went up 3.0 percent because employment was down.

Hourly Earnings

Many collective bargaining contracts to which the ILGWU and its affiliates are a party were renewed in the middle of 1979. The available statistics on the average hourly earnings in the different branches of our industry reflect both the wage

AVERAGE HOURLY EARNINGS, WOMEN'S GARMENT AND OTHER SELECTED INDUSTRIES

Industry	Oct. 1961	Oct. 1971	Oct. 1972	Oct. 1973	Oct. 1974	Oct. 1975	Oct. 1976	Oct. 1977	Oct. 1978	Oct. 1979
WOMEN'S GARMENTS										
Coats, suits, skirts	$2.35	$3.17	$3.13	$3.26	$3.55	$3.64	$3.90	$4.12	$4.28	$4.68
Dresses	1.94	2.74	2.86	3.00	3.20	3.34	3.62	3.84	4.10	4.38
Blouses	1.57	2.36	2.53	2.71	2.92	3.09	3.28	3.49	3.71	4.04
Knitted outerwear*	1.70	2.59	2.78	2.95	3.24	3.41	3.62	3.79	4.00	4.39
Children's outerwear	1.53	2.32	2.42	2.63	2.82	2.96	3.13	3.33	3.57	3.90
Other outerwear	1.57	2.35	2.50	2.71	2.96	3.09	3.35	3.57	3.85	4.17
Corsets, brassieres	1.63	2.46	2.56	2.72	2.99	3.20	3.43	3.56	3.84	4.25
Underwear, nightwear	1.46	2.25	2.29	2.51	2.70	2.86	3.09	3.28	3.56	3.86
Knitted underwear*	1.50	2.32	2.47	2.73	2.93	3.09	3.32	3.57	3.75	4.18
MEN'S CLOTHING										
Suits, coats	1.96	3.11	3.27	3.49	3.76	3.94	4.22	4.49	4.91	5.30
Shirts, nightwear	1.39	2.16	2.28	2.46	2.66	2.79	3.07	3.20	3.51	3.87
Separate trousers	1.42	2.16	2.33	2.57	2.87	2.99	3.23	3.45	3.74	4.09
Work clothing	1.37	2.07	2.19	2.38	2.68	2.83	3.05	3.21	3.53	3.83
ALL MANUFACTURING	2.34	3.60	3.88	4.16	4.59	4.92	5.32	5.82	6.33	6.82
NON-DURABLE GOODS	2.13	3.30	3.53	3.77	4.14	4.44	4.83	5.21	5.65	6.14
DURABLE GOODS	2.50	3.83	4.13	4.42	4.89	5.28	5.67	6.22	6.76	7.25
Automobiles	2.88	4.70	5.19	5.50	6.22	6.75	7.09	8.14	8.87	9.14
Primary metal industries	2.96	4.35	4.74	5.16	5.82	6.36	6.87	7.66	8.42	9.11
Printing, publishing	2.76	4.27	4.61	4.82	5.15	5.50	5.83	6.25	6.61	7.06
Rubber and plastic products	2.40	3.44	3.68	3.90	4.20	4.45	4.90	5.23	5.68	6.13
Cotton fabrics	1.60	2.57	2.72	3.04	3.26	3.61	3.95	4.30	4.62	5.04
Silk and synthetic fabrics	1.67	2.63	2.80	3.13	3.35	3.65	3.98	4.33	4.67	5.10
Wool fabrics	1.77	2.75	2.93	3.12	3.40	3.59	3.88	4.28	4.52	4.94
COAL MINING	3.08	4.31	5.22	5.64	6.27	7.26	7.78	8.40	9.82	10.28
BUILDING CONTRACTORS	3.07	5.46	5.75	6.00	6.49	6.96	7.44	7.71	8.27	8.82

* Men's and women's garments
SOURCE: U.S. Bureau of Labor Statistics

increases obtained in the course of the latest negotiations, as well as the improvements won by the industry's workers under the prior agreements and a result of increases in the federal minimum wage. As in the past, the wage information combines data for shops covered by ILGWU contracts and for the unorganized factories.

In the year ended in October 1979, hourly earnings advanced 28 cents an hour in dresses, 30 cents an hour in underwear and nightwear, 32 cents an hour in "other outerwear" (shops making slacks, shorts, playsuits, skiwear, beachwear, service apparel and related items), and 33 cents an hour in both blouses and children's outerwear. Hourly earnings rose 39 cents an hour in knitted outerwear, 40 cents an hour in coats, suits and skirts, 41 cents an hour in corsets and brassieres, and 43 cents an hour in knitted underwear. In addition to wage advances, an effort was also made in the current round of wage negotiations to improve some of the fringe benefits (such as those toward retirement).

The Current Outlook

As we enter the eighties, many economists believe that the United States is in the midst of an economic recession. Activity was weakened by October 1979 actions of the Federal Reserve tightening credit and boosting interest rates, as well as by the Iranian crisis and the continued escalation of petroleum prices by the OPEC. Despite some recent cutbacks in the prime interest rate, it is far from certain that its upward surge is at an end. Housing activity, already on the downslide, is further depressed by high mortgage costs and difficulties in securing loans. Some house prices began to decline as sales became more difficult, challenging the view that real estate provided a hedge against inflation. While an effort was made by the Congress to stimulate house purchases by voiding until March 1 the usury ceilings set by law in 20 states and the District of Columbia or by the proposed rise in interest ceiling on mortgage purchases by the National Mortgage Association, it is questionable whether consumers overburdened by debt and income constraints are prone to expand home buying in the near future. In the meantime, commercial and industrial construction is curtailed as capital investment is beginning to slow down.

Increased financial problems faced by consumers negatively affect the market for durables. The automobile industry, already in a slump, is facing additional production cutbacks during the first quarter of 1980. New orders are slowing down in many fields. With lowered demand, the pile up of inventories can only lead to further production declines and, in turn, to lower employment and higher unemployment. Consumers' incomes thus will be further depressed by the continued inflationary pressures fed by the rising cost of oil and food. For the present, the continued decline in the value of the dollar helps to stimulate exports. Sales of U.S. goods abroad, however, may be affected by the gloomy economic developments taking place in many foreign countries. Federal outlays are prone to go up particularly in defense, and help bolster economic activity. It is not certain, however, that they will be sufficient to offset measures designed to slow down economic activity or whether they will be timely.

There is no general agreement as to the length and depth of the current downturn. The predominant view suggests that the recession will not last too long and will be relatively mild. Inflationary forces are prone, however, to remain rampant. It is not likely that price escalation will be affected significantly by policies designed to reduce economic growth or to prolong the recession, as is at times advocated in and out of government.

Even in the face of the general economic adversity, women's and children's wear is likely to be affected to a lesser degree than the economy at large, or those of its sectors that produce durable goods. More women are working than before and this should sustain demand since working women spend more on clothing than those who stay at home (the call for children's garments is likely to be affected by the decline in their population). Funds insufficient for the purchase of homes, autos, heavy appliances and other large-ticket items are likely to be devoted to the purchase of apparel generally, and women's and children's garments more specifically. The relatively low inventories of garments in the hands of retailers as well as smaller commitments for imported merchandise due to fears of impending recession should also bolster orders for domestically made clothes.

The attitudes and behavior of retailers will, of course, exert a decided influence on the patterns that are likely to develop in the industry. As high interest rates make the maintenance of inventories more costly, stores try to remain more flexible and keep their stocks down. Shoppers attracted to the stores by promotional advertising may thus not find sufficient selections in depth, with a potential sales loss. Should any hot item emerge, retailers may not always be able to get additional deliveries in time.

In the meantime, the trend towards more traditional, dressier wear continues to persist. The move away from casual attire, however, in no way diminished the importance of sportswear in women's and children's wear. The tendency is to seek garments in the more classic shapes that are not likely to be made obsolete by rapid fashion changes. Continued interest is likely to be maintained in garments more closely related to in-home activities, such as leisurewear. Interest in clothes for participation in active sports is also prone to be sustained. Lower thermostat settings in the homes and places of work is likely to stimulate the demand for appropriate clothes, including sweaters and other knit garments. The demand for the higher-priced garments is likely to remain relatively strong -- people in the upper income brackets continue to have sufficient resources to spend on women's and children's finery.

While import pressure has lessened to a degree, their level remains high by historical standards and does affect employment opportunities in the industry. In several areas imports continue to gain at a rapid pace despite the recession. A revival in the demand for imported goods can in these circumstances seriously threaten the course of domestic apparel production and employment, and affect the course of future recovery. Imports and their regulation must therefore remain under continued scrutiny.